Capital schemes undertaken by Government or partly from both the sources will be considered later on after the excess subscriptions received for the loan are refunded and the exact amount of the loan is ascertained.

10. I shall now pass on to the budget estimates of the coming year. The revenue is estimated at Rs. 245·92 lakhs, and an expenditure charged to revenue of Rs 242·38 lakhs has been provided thus leaving a revenue surplus of Rs 3·54 lakhs. Sale of Government lands is expected to bring in Rs. 1·50 lakhs and our programme of capital expenditure on non-productive works is estimated at Rs 43·24 lakhs, the productive works aggregating to Rs ·34·78 lakhs being provided under Debt Heads. We shall thus be drawing from our accumulated surplus, Rs 38·20 lakhs for our capital expenditure on non-productive works.

REVENUE.

11. The Revenue budgeted for the ensuing year is Rs 245·92 lakhs as against the current year's revised estimate of Rs. 229·28 lakhs. While improvement in revenue to the extent of Rs 17·71 lakhs is expected under some of the major heads especially Land Revenue, Customs, Interest and Industries, decreases to the extent of Rs 1·07 lakhs are anticipated under others.

Land Revenue is expected to be better than the revised estimate by Rs 2·85 lakhs, the estimated fall in the current year being due to the general and special remissions of tax sanctioned by Government. The large increase under Customs is mainly due to the receipts from the Cochin Harbour Scheme which are expected to amount to Rs 24.51 lakhs in the next year as against the current year's receipt of Rs 13·39 lakhs. As a result of the negotiations between the Government of India, this Government and the Cochin Government, it is hoped that a revised agreement in regard to the Cochin Harbour Works will shortly be executed between the three parties concerned. The provision made under receipts includes a sum of Rs. 7·72 lakhs being the duty on Jaffna and other tobacco collected by this Government and already pooled from 1931-35 for the purpose of division under the 1925 agreement, which will be refunded next year. Provision has also been made for the receipt of Rs. 16·5 lakhs under this head, as against Rs 13·39 lakhs in the current year. A provision of Rs 18·86 lakhs has also been made in the budget for 1112 under Loans on the expenditure side to meet the share of this Government towards the expenditure on the 4th stage works and the cost of a dredger for the harbour.

The anticipated increase under Interest is due to the adjustment of interest on the capital outlay on the Pallivasal Hydro-Electric Scheme at 5 per cent per annum.

Under Industries, the receipts from the Rubber Factory which were estimated at Rs ·5 of a lakh in the current year's budget, are

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expected to fall short of our anticipation, as it was not possible to dispose of the large stock of manufactured articles in the current year itself. The South India Corporation Limited, Cochin, has been recently appointed as the Sole Agents for the sale of the rubber goods in the Madras Presidency, Coorg, Mysore and the Madras States. It is expected shat the stock will be disposed of in the ensuing year and a receipt of Rs 1·3 lakhs is accordingly anticipated.

EXPENDITURE CHARGED TO REVENUE.

12. The demands of the several departments for expenditure during the next year have been carefully scrutinised both by the Government and the Standing Finance Committee and the grants fixed after a full consideration of the requirements of the various departments and the available resources of the State. The total expenditure thus provided for in the budget for the next year is Rs 242·38 lakhs. This is Rs 8·04 lakhs in excess of the revised estimate of the current year. I shall now deal with the more important items.

13. *Land Revenue.*—It is proposed to continue the existing special temporary staff for Jenmikaram Settlement work next year also, with some slight modifications and to appoint further a small additional temporary staff for attending to *Karampathippu* cases. Every effort is being made to complete the works as early as possible and it is hoped that in the ordinary course, it might be possible to abolish the special staff before the close of next year leaving the small unfinished portion of the work, if any, to be completed by the normal permanent staff of the department. Provision has been made in the Survey budget for the opening of a special survey class in Theodolite and higher survey, with a view to remove the difficulty experienced in securing qualified men for appointment to the higher ranks of the department as surveyors, etc. This institution is, however, expected to be self-supporting. The revenue from Income-tax having shown some improvement with the appointment of the new assessing agency in the Municipal towns of Nagercoil, Trivandrum, Quilon and Alleppey, the continuance of the Income-tax Collectors and their staff has been provided for in the Income-tax budget.

14. *Excise*—In addition to the continuance of the existing temporary staff for the prevention of smuggling and the conservation of tobacco and customs revenues, especially in the border areas, provision has also been made in the next year's budget for the introduction as a temporary and experimental measure of the system of local option in the Municipal town of Attingal, discontinuing local option in the Municipal town of Changanacherry.

15. *Interest.*—Provision is, as already stated in para 9 above, made for the payment of advance interest up to the end of the current year and one half-yearly instalment of the interest on the three and a half per cent. Loan 1956 of Bh. Rs 50 lakhs recently floated by Government for financing the Capital schemes. In consequence of the reduction of

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